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Counseling Center Owner Indicted on Medicaid Fraud Charges

On May 11, 2010, the New Jersey Office of the Insurance Fraud Prosecutor's Medicaid Fraud Control Unit (MFCU) obtained a grand jury indictment against Rostislav Vilshteyn, a.k.a. Steve Vilshteyn, 31, of Staten Island, New York, owner of Bloomfield Health Pavilion located at 88 Bloomfield Avenue, Newark, New Jersey. Vilshteyn was charged with second-degree health care claims fraud and two counts of third-degree Medicaid fraud. Bloomfield Health Pavilion (BHP), an ambulatory care facility licensed by the Division of Addiction Services, was approved as a provider of mental health and substance abuse counseling services to Medicaid recipients effective October 2006.

In August of 2007, investigators from the Office of the Medicaid Inspector General (OMIG), formerly from the Bureau of Program Integrity (BPI), commenced an investigation as a result of a referral from the Division of Family Development alleging that BHP was billing for services that it did not render to Medicaid recipients and was giving Medicaid recipients gift certificates to attend the facility.

During the investigation, Mr. Vilshteyn admitted to OMIG investigators that BHP implemented a policy of giving Medicaid recipients \$8.00 Pathmark gift certificates if they attended BHP's counseling sessions. Additionally, OMIG determined that there was no psychiatrist employed at BHP from July 2007 through October 30, 2007 even though as part of its provider service, a psychiatrist was necessary. When Mr. Vilshteyn failed to provide requested documents, OMIG expanded its investigation in November 2007. During a random review of recipient charts, OMIG investigators found lack of documentation

to support billings such as no beginning and ending times of the sessions, no times on the sign in sheets, progress notes without client's names and a general lack of organization. Also, the medical necessity for the substance abuse counseling appeared questionable in several cases.

BHP submitted more than 1.2 million in claims to the Medicaid program, for which he was paid \$574,504. It is alleged that hundreds of thousands of dollars of those payments were obtained by Mr. Vilshteyn through fraudulent claims. As a result of OMIG's investigation, claims amounting to \$168,020.40 were denied. On January 15, 2008, this matter was referred to MFCU for possible criminal investigation.

Pursuant to the BPI's (now part of OMIG) recommendation, on February 12, 2008, the Division of Medical Assistance and Health Services (DMAHS) terminated BHP's Medicaid provider identification number due to the certificates given as an inducement to attend the facility as such conduct violates the state anti-kickback statute, N.J.S.A. 30:4D-17(c), which makes it illegal for any provider to offer any kickback, rebate or bribe to clients. BHP appealed the termination and requested a fair hearing in which witness statements from two former employees stated that BHP used Pathmark vouchers as an inducement for client attendance and copies of gift certificate orders totaling \$179,825.00 purchased by BHP in 2007 were presented. Additionally, witness testimony showed that Mr. Vilshteyn falsified client progress notes. On December 1, 2008, an Administrative Law Judge found that DMAHS demonstrated good cause to terminate BHP as a Medicaid provider. The initial decision affirming the termination of Bloomfield's provider numbers was adopted as the final agency decision on January 15, 2009.

Medicaid Inspector General Mark Anderson noted that "being a Medicaid provider is a privilege. If a provider commits fraud or his conduct results in waste or abuse of the Medicaid program, we will not only seek civil recoveries, we will seek to terminate his privileges. The indictment against Mr. Vilshteyn again demonstrates our office's commitment to work with law enforcement when the circumstances warrant it."

If anyone has information about fraud, waste or abuse in the Medicaid program, please contact the Office of the Medicaid Inspector General toll free at 1-888-937-2835 or visiting the Office's website at www.gov/njomig. All information received through the hotline or website may be submitted confidentially.